Before the Federal Communications Commission Washington, D.C. 20554

In the Matter of)	
)	
AT&T Inc., Cellco Partnership d/b/a Verizon)	
Wireless, Grain Spectrum, LLC, and Grain)	
Spectrum II, LLC Seek FCC Consent to the)	
Assignment of Advanced Wireless Services and)	WT Docket No. 13-56
Lower 700 MHz Band B Block Licenses and to)	
Long-Term De Facto Transfer Spectrum Leasing)	
Arrangements Involving Advanced Wireless)	
Services and Lower 700 MHz Band B Block)	
Licenses)	

JOINT OPPOSITION OF AT&T INC., CELLCO PARTNERSHIP D/B/A VERIZON WIRELESS, GRAIN SPECTRUM, LLC, AND GRAIN SPECTRUM II, LLC TO PETITIONS TO DENY OR FOR CONDITIONS AND REPLY TO COMMENT

The handful of parties choosing to participate in this proceeding ("Petitioners") do not meaningfully challenge the Applicants' demonstration that the proposed transactions will benefit consumers substantially without causing any transaction-specific harms. Instead, Petitioners rehash claims that are not specific to this transaction, ask the Commission to consider unlawfully whether alternative transactions might better serve the public interest, or are otherwise meritless. The Commission should reject Petitioners' misplaced arguments and

¹ AT&T Mobility Spectrum LLC ("AT&T Mobility"), New Cingular Wireless PCS, LLC ("New Cingular"), Cellco Partnership d/b/a Verizon Wireless ("Verizon Wireless"), Grain Spectrum, LLC ("Grain I"), and Grain Spectrum II, LLC ("Grain II," and together with Grain I, "Grain"). AT&T Mobility and New Cingular are indirect wholly-owned subsidiaries of AT&T Inc. (collectively with AT&T Mobility and New Cingular, "AT&T").

² AT&T, Inc., Cellco P'ship d/b/a Verizon Wireless, Grain Spectrum, LLC, & Grain Spectrum II, LLC Seek FCC Consent to the Assignment of Advanced Wireless Servs. & Lower 700 MHz Band B Block Licenses & to Long-Term De Facto Transfer Spectrum Leasing Arrangements Involving Advanced Wireless Servs. & Lower 700 MHz Band B Block Licenses, WT Dkt No. 13-56, Comments of the Rural Telecommunications Group, Inc. at 2 (filed Apr. 4, 2013) ("RTG Comments"); Id., Petition for Conditions of the Competitive Carriers Association at 1 (filed Apr. 4, 2013) ("CCA Petition"); Id., Petition to Deny or Condition of DISH Network Corp. at 1 (filed Apr. 4, 2013) ("DISH Petition"); Id., Petition to Deny of Public Knowledge and The Writers Guild of America, West at 1 (filed Apr. 4, 2013) ("Public Knowledge Petition").

promptly approve the requested license assignments and spectrum leasing arrangements without conditions.

I. THE TRANSACTIONS ARE IN THE PUBLIC INTEREST.

No Petitioner challenges the compelling public interest benefits that these transactions will bring to Verizon Wireless and AT&T customers. As the Applicants have demonstrated, these transactions will further rationalize spectrum holdings and permit more spectrally efficient deployments, leading to improved broadband service for consumers.³ As a result, consumers will enjoy higher quality and faster wireless broadband services.⁴ In addition, the transactions will promote the Commission's goal of extending opportunities in the wireless market to minority-owned businesses by enabling Grain, a minority-owned firm, to become a new licensee.⁵

Contrary to Petitioners' claims,⁶ these public interest benefits will be achieved without any adverse competitive effects. Neither AT&T's nor Verizon Wireless's market shares will increase,⁷ and consumers will have the same number of wireless providers to choose from both locally and nationally as they did before the transactions.⁸ Nor are there spectrum aggregation

³ AT&T Inc., Cellco P'ship d/b/a Verizon Wireless, Grain Spectrum, LLC, & Grain Spectrum II, LLC Seek FCC Consent to the Assignment of Advanced Wireless Servs. & Lower 700 MHz Band B Block Licenses & to Long-Term De Facto Transfer Spectrum Leasing Arrangements Involving Advanced Wireless Servs. & Lower 700 MHz Band B Block Licenses, WT Dkt No. 13-56, Description of the Transaction and Public Interest Statement of AT&T Inc., Grain Spectrum, LLC, Grain Spectrum II, LLC, and Cellco Partnership d/b/a Verizon Wireless at 2, 8-14 (filed Feb. 6, 2013) ("Public Interest Statement").

⁴ *Id.* at 8, 11-14.

⁵ *Id.* at 2, 8, 14.

⁶ See Public Knowledge Petition at 3; CCA Petition at 1.

⁷ Public Interest Statement at 2.

⁸ *Id.* at 15.

concerns. For 48 out of the 49 licenses involved in the transactions, the Commission's spectrum screen will not be triggered. With respect to the remaining license, the population covered by the spectrum screen overage is *de minimis*, touching just 1.3 percent of the POPs and eight percent of the counties in the license area, and competition will continue to be robust. Petitioners have not submitted any facts or evidence to suggest that the transactions would lead to harm to consumers or the inability of competitors to access spectrum.

Petitioners are similarly misguided in their characterization of the wireless industry and the effect of these transactions on competition. ¹² U.S. consumers enjoy the world's most dynamic and competitive wireless marketplace, ¹³ and will continue to do so after these transactions are consummated. Accordingly, Petitioners' speculative claims about competitive harms must be rejected.

⁹ *Id*.

¹⁰ *Id.* at 16.

¹¹ See 47 U.S.C. § 309(d)(1); 47 C.F.R. § 1.939(d) (requiring petitions to deny to contain specific allegations of fact sufficient to make a prima facie showing that a grant of the application would be inconsistent with the public interest, convenience and necessity); *Application of New Cingular Wireless PCS, LLC & D&E Investments, Inc.*, Order, 27 FCC Rcd. 1669, 1671 ¶ 8 (WTB 2012) ("*New Cingular/D&E Order*") ("In the absence of any showing of harm specific to this transaction, we find that the transaction would serve the public interest, convenience, and necessity and hereby grant it.").

¹² See CCA Petition at 2-5; DISH Petition at 2; RTG Comments at 3; Public Knowledge Petition at 4.

¹³ Virtually everyone in the U.S. now has access to mobile voice and broadband service (99.9 percent and 99.5 percent, respectively). *Implementation of Section 6002(b) of the Omnibus Budget Reconciliation Act of 1993; Annual Report & Analysis of Competitive Market Conditions With Respect to Mobile Wireless, Including Commercial Mobile Servs.*, Dkt No. 11-186, Sixteenth Report, FCC 13-34, ¶¶ 45, 48 (rel. Mar. 21, 2013) ("Sixteenth Report"). In 2012, nearly 93 percent of the U.S. population lived in census blocks with coverage by four or more facilities-based mobile voice providers, and 82 percent of the U.S. population lived in census blocks with coverage by four or more mobile broadband providers. *Id.* ¶ 45, Table 5, ¶ 48, Table 9. Prices for wireless services continue to fall, with the wireless telephone services component of the Consumer Price Index ("CPI") falling nearly three percent from 2009 to 2010 while overall CPI increased by 1.6 percent. *See id.* ¶¶ 263-64.

II. THE COMMISSION SHOULD REJECT PETITIONERS' EFFORTS TO LITIGATE NON-TRANSACTION-SPECIFIC ISSUES IN THIS PROCEEDING.

The Commission should reject calls by some Petitioners for the Commission to address in this proceeding — or to hold the proceeding hostage to — a matter that is not specific to this transaction, is the subject of a separate rulemaking proceeding and, thus, is not appropriate to consider here. Specifically, DISH and RTG ask the Commission to impose, in effect, a new spectrum cap and order divestitures or leasing of spectrum in markets where AT&T or Verizon Wireless would exceed the cap they propose. Similarly, Public Knowledge requests that the Commission dismiss the Applications pending the adoption of a new spectrum aggregation policy under which the Commission would review the refiled Applications.

The Commission has pending a separate industry-wide rulemaking proceeding to review its policies regarding mobile spectrum holdings, ¹⁶ and all Petitioners are participating in that proceeding. ¹⁷ Indeed, RTG acknowledges that it is rehashing here the very same proposals that it made there. ¹⁸ The Commission has routinely made clear that, in an assignment or transfer proceeding, it will not consider issues that are being addressed in a separate industry-wide rulemaking proceeding. ¹⁹ Moreover, the Commission has expressly stated that, while the Mobile

¹⁴ *DISH Petition* at 6 (requesting divestitures if proposed cap is exceeded in a market); *RTG Comments* at 7-8 (requesting divestitures or leasing if proposed cap exceeded in a market).

¹⁵ Public Knowledge Petition at 1-2.

¹⁶ See Policies Regarding Mobile Spectrum Holdings, Notice of Proposed Rulemaking, 27 FCC Rcd. 11,710 (2012) ("Mobile Spectrum Holdings NPRM").

¹⁷ See, e.g., Policies Regarding Mobile Spectrum Holdings, WT Dkt No. 12-269, Ex Parte Presentation of DISH Network Corp. (filed Feb. 22, 2013); *Id.*, Comments of the Rural Telecommunications Group (filed Nov. 28, 2012); *Id.*, Comments of the Competitive Carriers Association (filed Nov. 28, 2012); *Id.*, Comments of Public Knowledge by Jon M. Peha (filed Nov. 28, 2012).

¹⁸ See RTG Comments at 1-2.

¹⁹ Applications of AT&T Inc. & Centennial Commc'ns Corp. for Consent to Transfer Control of Licenses, Authorizations, & Spectrum Leasing Arrangements, Memorandum Opinion and Order, Footnote continued on next page

Spectrum Holdings proceeding is pending, "[it] will continue to apply its current case-by-case approach to evaluate mobile spectrum holdings."²⁰ Since that time, the Commission has not departed from this stance and has approved several assignment/transfer applications. ²¹ Petitioners provide no basis for the Commission suddenly and arbitrarily to reverse course here.

The Commission should also reject Petitioners' requests for various conditions related to data roaming, device interoperability, device exclusivity, early termination fees, and special access and backhaul.²² Petitioners have provided no evidence of any harms that would result from these transactions that their proposed conditions would purportedly address.²³ Rather, the proposed conditions relate to alleged harms that are or were the subject of industry-wide proceedings.²⁴ Thus, in no way are these alleged harms a product of this transaction. The Commission has repeatedly emphasized that it "will not impose conditions to remedy pre-

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²⁴ FCC Rcd. 13,915, 13,969 \P 133 (2009) ("AT&T/Centennial Order") (stating that general concerns regarding roaming would be more appropriately addressed in the relevant proceeding).

²⁰ *Mobile Spectrum Holdings NPRM*. 27 FCC Rcd. at 11.718 ¶ 16 n.59.

 $^{^{21}}$ See, e.g., Applications of Deutsche Telekom AG, T-Mobile USA, Inc., & MetroPCS Commc'ns, Inc., for Consent to Transfer of Control of Licenses & Authorizations, WT Dkt No. 12-301, Memorandum Opinion and Order and Declaratory Ruling, DA 13-384 \P 35 (WTB IB rel. Mar. 12, 2013) (following the Commission's determination that it would apply the current case-bycase approach during the pendency of the Mobile Spectrum Holdings rulemaking proceeding).

²² See RTG Comments at 8-9; CCA Petition at 6-12; Public Knowledge Petition at 4-7.

²³ See Application of AT&T Mobility Spectrum LLC & BTA Ventures II, Inc. For Consent to Assign Lower 700 MHz B Block Authorization Call Sign WQJQ779, Order, 27 FCC Rcd. 1676, 1677-78 ¶¶ 6-8 (WTB 2012); New Cingular/D&E Order, 27 FCC Rcd. at 1670-71 ¶¶ 6-7.

²⁴ See Special Access for Price Cap Local Exchange Carriers, Report and Order and Further Notice of Proposed Rulemaking, 27 FCC Rcd 16,318 (2012); Petition for Rulemaking Regarding Exclusivity Arrangements Between Commercial Wireless Carriers & Handset Manufacturers, Order, 27 FCC Rcd. 5294 (WTB 2012); Promoting Interoperability in the 700 MHz Commercial Spectrum, Notice of Proposed Rulemaking, 27 FCC Rcd. 3521 (2012); Reexamination of Roaming Obligations of Commercial Mobile Radio Serv. Providers & Other Providers of Mobile Data Servs., Second Report and Order, 26 FCC Rcd. 5411, 5423-24 ¶ 23 (2011), aff'd sub nom. Cellco P'ship v. FCC, 700 F.3d 534 (D.C. Cir. 2012); Consumer Info. & Disclosure, Truth-in-Billing & Billing Format, IP-Enabled Servs., Notice of Inquiry, 24 FCC Rcd. 11,380 (2009).

existing harms or harms that are unrelated to the transaction,"²⁵ and has declined to impose in past transactions the same type of conditions proposed here for that reason.²⁶ Petitioners offer no justification for the Commission to break from its precedent and consider these proposed conditions here.

III. THE COMMISSION, AS REQUIRED BY SECTION 310(d) OF THE ACT, SHOULD CONSIDER ONLY THE TRANSACTION BEFORE IT.

Section 310(d) of the Communications Act could hardly be clearer: The Commission is barred from considering in any license transfer proceeding whether the public interest "might be served by the transfer . . . of the . . . license to a person other than the proposed transferee." ²⁷ The legislative history of that section, as well as the Commission's own decisions, confirms this.²⁸

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 $^{^{25}}$ Verizon/ALLTEL Order 23 FCC Rcd. at 17,463 \P 29. See also, e.g., AT&T/Centennial Order, 24 FCC Rcd. at 13,929 \P 30; Sprint-Nextel Corp. & Clearwire Corp. Applications for Consent to Transfer Control of Licenses, Leases, & Authorizations, Memorandum Opinion and Order, 23 FCC Rcd. 17,570, 17,582 \P 22 (2008).

²⁶ See, e.g., Applications of Cellco P'ship d/b/a Verizon Wireless & SpectrumCo LLC & Cox TMI, LLC, For Consent to Assign AWS-1 Licenses, Memorandum Opinion and Order and Declaratory Ruling, 27 FCC Rcd. 10,698, 10731-34 ¶¶ 88-89, 91, 93-94, 10,747-48 ¶ 130 (2012) ("Verizon Wireless/SpectrumCo Order") (declining to impose conditions related to interoperability, handset exclusivity, special access and backhaul); Applications of AT&T Mobility Spectrum LLC, Triad 700, LLC, CenturyTel Broadband Wireless, LLC, 700 MHz, LLC, Cavalier Wireless, LLC, Ponderosa Tel. Co., David L. Miller, ComSouth Tellular, Inc., Farmers Tel. Co., Inc. & McBride Spectrum Partners, LLC for Consent to Assign Licenses, Memorandum Opinion and Order, 27 FCC Rcd. 15,831, 15,833 ¶¶ 5, 7-8 (WTB 2012) (declining to impose interoperability and data roaming conditions); Application of AT&T Inc. & Qualcomm Inc. for Consent to Assign Licenses & Authorizations, Order, 26 FCC Rcd. 17,589, 17,620-22 ¶¶ 71,77, 79 (2011) (declining to impose conditions relating to interoperability, early termination fees, handset exclusivity, and special access and backhaul).

²⁷ 47 U.S.C. § 310(d).

²⁸ H.R. Rep. No. 82-1750, at 12 (1952) (Congress intended for the Commission to consider a transaction "as though no other person were interested in securing such permit or license."); Applications for Consent to the Assignment &/or Transfer of Control of Licenses, Adelphia Commc'ns Corp., (& Subsidiaries, Debtors-in-Possession), Assignors, to Time Warner Cable Inc. (Subsidiaries), Assignees, Adelphia Commc'ns Corp., (& Subsidiaries, Debtors-in-Possession), Assignors & Transferors, to Comcast Corp. (Subsidiaries), Assignees & Transferees; Comcast Corp., Transferor, to Time Warner Inc., Transferee; Time Warner Inc., Transferor, to Comcast Corp., Transferee, Memorandum Opinion and Order, 21 FCC Rcd. 8203,

Nevertheless, Public Knowledge suggests that the Commission should not permit "divested spectrum to end up back in the hands of one of the two major carriers" and that "[i]n the absence of an updated spectrum screen, the Commission's default assumption should be that any given license would do more for the public, and competition, in the control of a competitive carrier."²⁹ Consistent with Section 310(d), the Commission must reject suggestions that it should consider any transaction other than the one before it. In any case, there is no basis for such requests. Petitioners provide absolutely no evidence that the swap of spectrum between AT&T and Verizon Wireless in these transactions will result in any competitive harm that could justify these conditions. Instead, they rely on conclusory and incorrect statements regarding the state of wireless competition.³⁰

Furthermore, DISH also ignores Section 310(d) and argues that Verizon Wireless should be required to sell its Lower 700 MHz A and B Block spectrum to a buyer other than AT&T – or, if the transactions are approved, Verizon Wireless must sell the A Block to a buyer other than AT&T.³¹ DISH's claim must be denied because it is not transaction-specific. This proceeding does not involve any 700 MHz A Block licenses at all, but only 700 MHz B Block licenses and AWS spectrum. There is no connection between DISH's allegations as to AT&T's acquisition of the 700 MHz B Block licenses (allegations refuted above) and Verizon Wireless's continued holding of A Block licenses.

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^{8324 ¶ 285 (2006) (}noting that "the Commission must examine whether the transactions before it will serve the public interest without regard to other possible transactions").

²⁹ *Public Knowledge Petition* at 2-3; *see also DISH Petition* at 2.

³⁰ See DISH Petition at 2, 4-5; Public Knowledge Petition at 2-3.

³¹ DISH Petition at 2.

DISH argues that the Commission should require Verizon Wireless to divest the A Block licenses because the transaction with AT&T and Grain "fails to enforce Verizon's prior commitments" to sell the 700 MHz A and B block spectrum. DISH cites to Verizon Wireless's announcement during the proceeding in which it acquired AWS spectrum from several cable companies that it would conduct an "open sale" process for the 700 MHz A and B licenses "in order to rationalize its spectrum holdings." However, as DISH acknowledges, 34 the Commission did *not* condition its grant of the AWS spectrum transaction on Verizon Wireless selling any Lower 700 licenses. To the contrary, although several parties had sought that specific condition, the Commission declined to impose it. Instead, the Commission imposed as conditions Verizon Wireless's transfer of certain AWS spectrum to T-Mobile, and the company's buildout and roaming commitments, to ensure that the SpectrumCo and Cox transactions would serve the public interest. Given that there was no 700 MHz divestiture

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³² *Id.* at 3.

³³ Application of Cellco P'ship d/ba/ Verizon Wireless & SpectrumCo, LLC for Consent to Assign Licenses & Application of Cellco P'ship d/b/a Verizon Wireless & Cox TMI Wireless, LLC for Consent to Assign Licenses, WT Dkt No. 12-4, Letter from Kathleen Grillo, Senior Vice President, Federal Regulatory Affairs, Verizon, to Rick Kaplan, WTB, FCC, WT Docket No. 12-4, at 1 (filed May 22, 2012) ("Verizon Wireless . . . has announced that it will conduct an open sale process for its existing Lower 700 MHz A and B block licenses if the AWS purchases are approved in order to rationalize its spectrum holdings while ensuring that we can provide our customers with the service they demand.").

³⁴ DISH Petition at 4.

³⁵ Verizon Wireless/SpectrumCo Order, 27 FCC Rcd. at 10,740 ¶ 113, 10,743 ¶ 121 ("Some parties also argue that the Commission should also condition approval of the proposed transactions on Verizon Wireless's proposed auction of its Lower 700 MHz Band A and B frequencies. . . . [W]e find that the assignment of spectrum from Verizon Wireless to T-Mobile combined with Verizon Wireless's buildout and roaming commitments mitigate the public interest harms identified above sufficiently to address our concerns. We therefore disagree with parties arguing that additional conditions, including any voice or additional data roaming conditions, are necessary.").

condition, DISH's request that the Commission "enforce" the divestiture of that spectrum is groundless.³⁶

IV. CONCLUSION

The swap of spectrum in these transactions will benefit competition by rationalizing the Applicants' holdings, thereby enabling more spectrally efficient deployments that will enhance their LTE service offerings.³⁷ The transactions are evidence of a robust secondary market for spectrum that is working as it should: facilitating faster and more efficient use of spectrum resources.³⁸ Limiting the Applicants' abilities to rationalize their holdings would be anticompetitive and contrary to the Commission's stated goal to unleash as much spectrum and capacity as possible for mobile broadband use.³⁹ Accordingly, for the reasons set forth above and in the Applicants' Public Interest Statement, the Commission should promptly approve the requested spectrum assignments and long-term *de facto* leases without condition.

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³⁶ In any event, Verizon Wireless did precisely what it said it would do – hold an "open sale" process that was available to all interested potential buyers. That open sale process, together with other transactions Verizon Wireless completed to rationalize its spectrum holdings, has resulted in Verizon Wireless's sale to date of most of the Lower 700 MHz licenses it acquired at auction to twelve different entities, most of whom are rural and regional wireless providers.

³⁷ *Public Interest Statement* at 11-14.

³⁸ *See id.* at 10.

³⁹ See, e.g., Expanding the Economic & Innovation Opportunities of Spectrum Through Incentive Auctions, Notice of Proposed Rule Making, 27 FCC Rcd. 12,357, 12,358 ¶ 1 (2012).

Respectfully submitted,

By: /s/Michael P. Goggin
Michael P. Goggin
Gary L. Phillips
M.E. Garber
AT&T Inc.
1120 Twentieth Street, NW
Suite 1000
Washington, DC 20036
(202) 457-2055

By: /s/ John T. Scott, III
John T. Scott, III
Catherine Hike
VERIZON
1300 I Street, NW
Suite 400W
Washington, DC 20005
(202) 515-2400

By: /s/ John Cacomanolis
John Cacomanolis
Grain Management
100 N. Washington Boulevard
Suite 201
Sarasota, FL 34236
(941) 379-1200

Of Counsel:

Arnold & Porter LLP 555 Twelfth Street, NW Washington, D.C. 20004 (202) 942-5996 Michael E. Glover

Patrick S. Campbell Paul, Weiss, Rifkind, Wharton & Garrison LLP 2001 K Street, NW Washington, DC 20006 (202) 223-7300

Dated: April 15, 2013

CERTIFICATE OF SERVICE

I hereby certify that on this 15th day of April, 2013, I caused true and correct copies of the foregoing Joint Opposition of AT&T Inc., Grain Spectrum, LLC, Grain Spectrum II, LLC, and Cellco Partnership d/b/a Verizon Wireless to be served by first-class mail, postage prepaid, or electronic mail upon:

Caressa D. Bennet Daryl A. Zakov Bennet & Bennet, PLLC 6124 MacArthur Boulevard Bethesda, MD 20816-3210 Steven K. Berry Rebecca Murphy Thompson Competitive Carriers Association 805 Fifteenth Street, NW Suite 401 Washington, DC 20005

Jeffrey H. Blum Mariam Sorond Alison A. Minea Hadass Kogan DISH Network Corporation 1110 Vermont Avenue, NW Suite 750 John Bergmayer Public Knowledge 1818 N Street, NW Suite 410 Washington, DC 20036

Best Copy and Printing, Inc. FCC@BCPIWEB.COM

Washington, DC 20005

Jim Bird Office of General Counsel TransactionTeam@fcc.gov

Kathy Harris Mobility Division Wireless Telecommunications Bureau kathy.harris@fcc.gov

Kate Matraves Spectrum and Competition Policy Division Wireless Telecommunications Bureau catherine.matraves@fcc.gov

Linda Ray Broadband Division Wireless Telecommunications Bureau linda.ray@fcc.gov

> /s/ Lauren E. Manning Lauren E. Manning